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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000162

C O R R E C T E D C O P Y (PARA 7 WORD 'NOT' ADDED)

SIPDIS

E.O. 12958: DECL: 02/10/2020

TAGS: PGOV KDEM TW CH PREL

SUBJECT: TAIWAN'S OPPOSITION ON THE MEND, BUT TRICKY POLICY AND ELECTORAL ISSUES LIE AHEAD

REF: A. TAIPEI 1437

1B. TAIPEI 38

1C. TAIPEI 161

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Classified By: Political Section Chief Dave Rank for reasons 1.4 (b/d)

11. (C) Summary: A string of local electoral victories has given the opposition Democratic Progressive Party (DPP) its strongest pulse since being crushed in 2008 legislative and presidential elections. Morale and unity are back, and DPP officials believe the party could present a viable alternative to the ruling Kuomintang (KMT) administration in the 2012 presidential election. Still, difficult electoral and policy issues in the coming months could trip up the party. Nominating candidates for the year-end special municipality elections could test party unity, as could formulating plausible policies on key issues, such as cross-Strait relations, needed to bolster the party's credibility. Critics still complain that DPP policy is little more than opposition to the KMT and that the party fails to provide a compelling alternative vision for leading Taiwan. End summary.

Election Wins, Reduced Factionalism Improve DPP Unity...

12. (C) The DPP is riding high after doing better than expected in December local elections and sweeping all three seats at stake in January legislative by-elections (refs A and B). These victories have helped restore party morale and unity that were in tatters after 2008, when the DPP suffered humiliating presidential and legislative election defeats and former president Chen Shui-bian was charged with massive corruption. DPP Central Executive Committee Member Wu Szu-yao recently told Poloff that prominent party members were no longer acting just in their narrow self-interest but were considering what was best for the party. DPP Chair Tsai Ing-wen voiced similar observations during her lunch with the AIT Director on February 8 (ref C).

13. (C) Party factionalism, in particular, appears to be under control, with the DPP's various factions seemingly in accord that presenting a strong, unified front was in the party's best interest. Although the factions still compete over policy and candidates, they do not pose an existential threat to party unity, according to DPP Standing Committee Member Luo Wen-jia. The two main groups are the student-founded New Tide Faction, which has toned down its traditional calls for Taiwan independence, and the Welfare State Alliance led by former Premier and DPP Chairman Frank Hsieh, which

acknowledges the merits of business and people-to-people ties with China. The New Tide remains the stronger of the two, Lo Chih-cheng, a prominent pro-Green academic, told Poloff recently.

...Puts The Ball In Tsai's Court

¶ 14. (C) The local election victories and her own efforts to acknowledge, and at times work with, these factions (which the party tried to abolish four years ago) have bolstered Tsai's position both with DPP political heavyweights and with grass-roots supporters. If, as is widely expected, the DPP captures more than the one seat they now hold in the four legislative by-elections on February 27, Tsai will further consolidate her position as a party kingmaker. Often criticized for being an outsider with little party experience, Tsai has won plaudits for her tireless campaigning. Her approval rating jumped to 52.5 percent in January, according to the independent Global Views Monthly.

¶ 15. (C) Tsai's ability to push through her proposal on nominating candidates for the special municipality elections in Taiwan's largest urban areas reflects her now unchallenged party leadership. In a sign of her surprising strength, Central Executive Committee member Wu said, when Tsai presented her plan to the DPP leadership in mid-January, only a handful of people raised objections. (Note: Under Tsai's plan, the DPP will rely on public opinion polls to choose its candidates for Kaohsiung and Tainan and will seek to reach internal agreement on nominees for Taipei, New Taipei City -- formerly Taipei County -- and Taichung. End note.) Coming up with the nomination procedures may have been the easy part, however. In Tainan, for example, at least six people are interested in getting the party nomination. It is possible that someone who fails to secure the nomination may

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then run as an independent and split the DPP vote. Likewise, the plan to determine the Taipei, New Taipei City and Taichung candidates based on internal discussions could blow up, particularly since at least some party heavyweights are known to be interested in running. Some already believe former Premier and Party Chairman Su Tseng-chang should run in New Taipei City because he was a popular county magistrate there before and would be difficult to beat.

Heavyweights Waiting in the Wings

¶ 16. (C) Su, whom opinion polls suggest remains the DPP's most popular politician, continues to eye a 2012 presidential run for but faces a dilemma. If he runs in Taipei City or New Taipei City and wins, he would have to decide within months whether to turn his back on his new constituency and pursue the presidency, a move that would assuredly face harsh criticism. Frank Hsieh, You Shyi-kun and Annette Lu -- the DPP's other longtime heavyweights -- also have been identified by Tsai and our other contacts as people interested in the presidency. While Hsieh may be a candidate himself, his primary goal is to safeguard and promote his faction, pro-Green academic Lo claimed, by, for example, helping his proteges secure positions in city councils.

Policy Guidelines Await Fruition

¶ 17. (C) With all of this electoral posturing, Standing Committee Member Luo and others have criticized the DPP for not focusing sufficiently on policy. The party needs to develop policy positions to demonstrate to the Taiwan public that it can be a viable alternative to the KMT, they maintain. Tsai appears to understand this weakness and has directed DPP advisors such as former TECRO Representative to Washington Joseph Wu to develop policy guidelines on major issues that would form the basis of the party's 10-year outlook. Tsai

told the Director that these guidelines would be announced in July or August.

Comment

¶8. (C) The DPP is getting back on track, with election victories restoring supporters' confidence in the party and in its Chair. Success has quieted Tsai's naysayers and has gained her the respect of party elders (if only to curry her support), but the DPP still has a long way to go to prove itself to the broader electorate. The true test may lay with the central policy guidelines and whether the party can reach consensus on a cross-Straits approach that appeals to a broad cross-section of the people of Taiwan, most of whom want to maintain de facto autonomy and not risk a formal declaration of independence from China. That remains a tall order for a party split between supporters open to closer economic ties with China and those who advocate a much more cautious approach.

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